



Annual Report 1994

Company Profile

BOWRIDGE RESOURCE GROUP INC. ("THE COMPANY" or "BOWRIDGE") offers financial resources, management capabilities and market knowledge to acquire, operate and grow oilfield service businesses for the benefit of its shareholders and customers.

BOWRIDGE'S goal is to become a \$100,000,000 revenue company.

WE FOCUS ON BUSINESSES that provide equipment, technologies and services which help lower field operating costs, increase productivity and provide environmental protection for our customers in the oil and gas industry.

WE WORK WITH OWNERS AND MANAGERS of strong, profitable businesses, with whom we have compatible objectives, to achieve liquidity for their investments. These businesses and their customer base are usually on the production side of the oil and gas service sector, and have operating personnel who we retain and encourage to participate as shareholders.

BOWRIDGE uses its knowledge of the industry, its support infrastructure and its access to financing to help the businesses it acquires implement a plan for increased profitable growth and enhanced customer satisfaction.

BOWRIDGE is a publicly traded oil and gas service company, A.S.E. (**BOW**).

Annual General Meeting

The Annual and General meeting of shareholders will be held on **Wednesday, August 23, 1995** at 10:00 a.m. in the Plaza Room of **The Metropolitan Centre**, 333 - 4th Ave. S.W., Calgary, AB.

Shareholders unable to attend are encouraged to complete and return the accompanying form of proxy.

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Highlights

Financial Highlights

YEAR ENDED APRIL 30TH	1995	1994
Revenue	\$ 7,777,570	\$ 4,825
Operating Income	1,710,724	(1,670)
Earnings	871,330	(1,670)
Earnings Per Share – Basic (\$)	.10	–
Earnings Per Share – Fully Diluted (\$)	.07	–
Earnings Before Interest & Taxes	1,827,224	(1,670)
Cash Flow from Operations	1,444,418	(1,670)
Cash Flow Per Share – Basic (\$)	.17	–
Cash Flow Per Share – Fully Diluted (\$)	.11	–
Outstanding Shares (000)	9,130,000	2,700,000

Operating Highlights

MAY 17, 1994

- BOWRIDGE purchases *Central Alberta Production Testing Ltd.*
- BOWRIDGE raises \$1,800,000 through public equity financing (sale of Bowridge common shares).

NOVEMBER 1, 1994

- BOWRIDGE purchases *Testmaster Production Services Ltd.*

APRIL 30, 1995

- \$871,330 after-tax income earned by BOWRIDGE.
- \$7,777,570 operating revenues generated by BOWRIDGE.

MAY 1, 1995

- *Central Production Testing Ltd.* ("C.P.T." or "Central") is formed with the amalgamation of *Central Alberta Production Testing Ltd.* and *Testmaster Production Services Ltd.* C.P.T. represents thirty-three years combined experience in sour gas, sweet gas and oil production testing.

MAY 15, 1995

- \$708,950 in equity raised from the exercise of BOWRIDGE warrants and broker options.





BOWRIDGE'S goal is to become a \$100 million revenue company through acquisitions and internal growth. Toward this goal we purchased *Central Alberta Production Testing Ltd.*, our first acquisition, in May 1994.

James L. Rathwell
PRESIDENT

OUR INITIAL YEAR OF OPERATIONS saw us achieve satisfactory results as we grew internally and by acquisition. During the period we spent \$645,894 on capital additions and also acquired *Testmaster Production Services Ltd.* *Testmaster* was acquired effective November 1, 1994 for cash and shares.

WE ARE PLEASED TO REPORT revenues of \$7.8 million, 18 percent ahead of our revised prospectus forecast of \$6.6 million for the fiscal year ended April 30, 1995. **BOWRIDGE** earnings for the same time period of \$871,000 were 24 percent ahead of our prospectus forecast of \$705,000. Earnings Before Interest and Taxes for the year were \$1.827 million. Cash flow was \$1.444 million.

The strong reputation, *quality* of operations, customer base and *experience* of personnel within the operating divisions enabled **BOWRIDGE** to achieve better than forecasted results.

The commitment to *service* by *Central's* management and *Central's* reputation for high pressure sour gas testing, excellent *safety* record and ongoing training will contribute to our future success.

AS WE BUILD BOWRIDGE it is our stated intent that long-term debt not exceed 1.5 times our annual net operating cash flow. Our long-term debt to net operating cash flow was 0.234 at April 30, 1995. Our after-tax rate of return on shareholder equity was 30 percent relative to our stated goal of 25 percent.

OUR STRONG WORKING CAPITAL POSITION gives us the ability to make further acquisitions as we find the opportunities. At year ended April 30, 1995 **BOWRIDGE** had \$757,000 in working capital. After the addition of \$708,890 in equity capital from the exercise of warrants and broker options on May 15, 1995, our working capital is \$1.466 million. **THE COMPANY** also has available unused lines of credit of \$1.3 million. We now have 11,177,000 common shares issued and outstanding.

Industry Forecast

We expect the production service side of the oil and gas industry will continue to be strong and vibrant in 1995 despite the number of wells forecast to be drilled being down from 1994.

Export volumes for gas more than tripled from 1986 to 1994 and are forecast to increase approximately six percent this year. Although producers have given up price for the sake of volume in gas deliveries, the increased volumes provide more opportunities for **BOWRIDGE'S** services.

Land purchases are a key indicator for service industry activity. We anticipate the number of gross hectares of land purchased at provincial land sales will remain strong relative to the previous ten years. The price paid has declined, a reflection of the economic realities facing the oil and gas producer.

Some lower cost shallow gas reserves were shut-in over the past few months due to low market prices. Despite this, industry forecasts suggest exploration and development expenditures for longer term reserves located west of the 5th Meridian, where **BOWRIDGE'S** operations are focused, will be maintained in 1995.

The consolidation and rationalization of oil and gas producers will be ongoing in the upcoming year and is a sign of a healthy industry. Mergers and acquisitions will create more activity by combining financing, properties, personnel, production facilities, marketing agreements and reserves into bigger and stronger companies.

This activity will inevitably create more acquisition and development opportunities in the oil and gas service industry for **BOWRIDGE**.



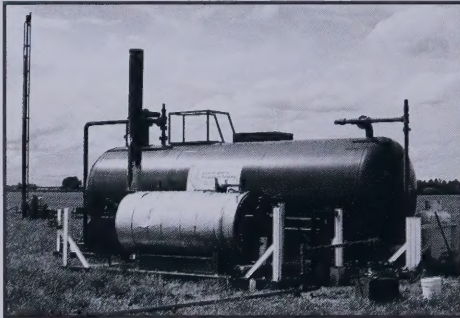
President, Jim Rathwell, consults with a C.P.T. Test Supervisor in front of Bowridge's new all steel 8' x 16' custom built wellsite.



BOWRIDGE Forecast

Industry activity levels are forecasted to decline from prior year performance. However, **BOWRIDGE** anticipates before further acquisitions, that its revenues and earnings per share will be approximately the same in its financial year ending April 30, 1996 as in 1995.

BOWRIDGE is continuing to look at acquisition opportunities that will substantially increase our revenue base, maintain our debt to cash flow ratios at acceptable levels and maintain a return on shareholder equity of at least 25 percent.



CPT 200 barrel, 175 lb. working pressure Horizontal Pressure Tank with 1 million BTU Line Heater operating in central Alberta.

We forecast steady activity levels with an expanding market share over the next 12 to 18 months.

BOWRIDGE'S activity should steadily increase in the long term in response to increasing commodity demand and exploration to maintain production in both oil and gas sectors.

Consolidation by oil and gas producers can create opportunities for acquisition and expansion by **BOWRIDGE** in the service and supply sector of the industry.



Test Operator, Rick Galloway begins flow start-up of gas operation at Shell Harmattan 10-10-32-3W5.

The BOWRIDGE Team

BOWRIDGE has achieved its short term goals and is well positioned to achieve long term success as a result of our customers, the hard work and dedication of our employees, and the support of our directors and shareholders. We thank all of you for your contributions to the success of **THE COMPANY**. *On behalf of the Board of Directors,*

A handwritten signature in dark ink, reading "J. Rathwell". The signature is written in a cursive, flowing style. Below the signature is a horizontal line.

James L. Rathwell, PRESIDENT

June 27, 1995

BOWRIDGE Measures of Performance

Earnings on Revenue Generated ¹	11.2%
Return on Equity (After Tax) ²	29.9%
Return on Shareholder Investment (After Tax) ³	43.3%
Return on Capital Employed ⁴	25.6%
Return on Net Investment ⁵	18.9%
Break Up Value per Share ⁶	\$0.671
Net Investment per Share ⁷	\$0.542
Re-investment Ratio ⁸	44.7%
Working Capital Ratio ⁹	1.60 to 1
Interest Coverage ¹⁰	22.0 x
Debt to Equity ¹¹	0.234%
L.T.D. as a Percentage of Total Capital Employed ¹²	18.4%



Central designed Vertical Pressure Tank for vapour recovery and gas well testing, working at PCP 7-34-15-11-W4.

All ratios are calculated based on continuing operations.

1. Earnings divided by revenues.
2. Earnings divided by shareholders' equity.
3. Earnings divided by share capital.
4. Earnings divided by average capital employed. Capital employed is total assets less current liabilities.
5. Earnings plus after-tax interest expense divided by net investment.
6. Gross investment (current assets plus current liabilities plus other assets) divided by shares outstanding.
7. Net investment (gross investment minus accumulated depreciation) divided by shares outstanding.
8. Capital additions divided by cash flow from operations.
9. Working capital current assets divided by current liabilities.
10. Interest coverage pre-tax earnings plus interest on long term debt divided by long term debt.
11. Long term debt divided by shareholders' equity.
12. Long term debt divided by capital employed.



Operation's Report - Central

Central Mission Statement: *Central Production Testing Ltd. ("C.P.T." or "Central") will strive to provide Quality and Value to its customers in the Production Testing Business by supplying Experienced personnel operating Safely with well maintained equipment at a competitive price to exceed Customer Satisfaction.*

Central Production Testing Ltd. was formed May 1, 1995 with the amalgamation of Central Alberta Production Testing Ltd. and Testmaster Production Services Ltd. It is a wholly-owned subsidiary of BOWRIDGE.

Central Production Testing Ltd. is a market leader with a mission, goals and strategies that maximize customer service, quality and satisfaction to the benefit of our employees and BOWRIDGE shareholders.

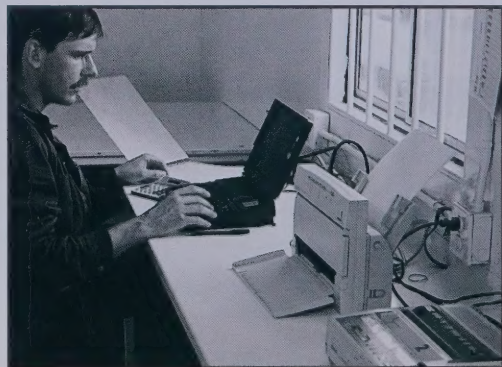
Central continues to focus on oil and gas well production testing. Its particular area of expertise is in handling high pressure sour gas wells.

Over the last year we have expanded **Central's** base from Calgary to include **Grande Prairie, Red Deer** and **Brooks**.

Central now has 18 pressure vessels for well testing and environmental control compared to four when acquired by **BOWRIDGE**.

In December 1994 **Central** introduced the first fully integrated, user friendly, computerized field note reporting system to the **Alberta Oil and Gas Industry**, in conjunction with **Fekete and Associates**. This system allows generation of field test results directly from the field to the customer's office allowing the customer to get more information faster, to facilitate better decisions.

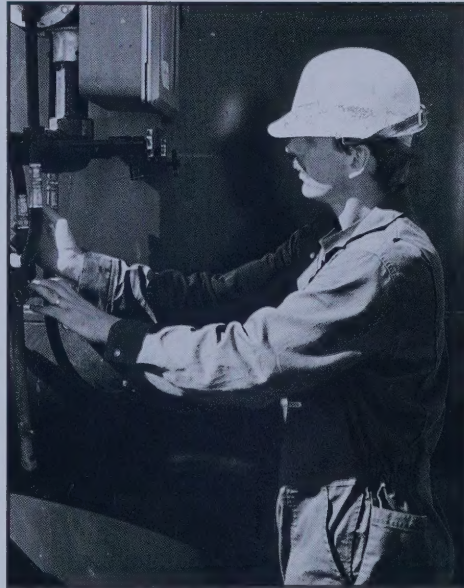
This is a good example of our commitment to concentrate on developing new and improved technology for the oil and gas industry that will help operators improve efficiency and reduce operating costs while responding to changing environmental regulations.



Test Supervisor, Ken Charney, is shown inputting data on the new computerized field note reporting system.

Central offers a combined **thirty-three years** of **experience** providing oil and gas well testing. We had no lost time accidents (LTA's) during the past year even though our activity levels were the highest ever. We have maintained our **Partnership in Safety Program** with *Alberta Occupational Health and Safety*.

An employee stock purchase program was introduced in early 1995 as part of a self-administered employee R.R.S.P. This program provides our employees with an opportunity to participate as shareholders in **BOWRIDGE** and to start developing a retirement plan for their future.



C.P.T Goals

1. Operate in a safe and efficient manner following A.R.O.P.'s and maintaining certification as a *Partner in Safety* by *Alberta Occupational Health and Safety*.
2. Follow clear and defined maintenance procedures resulting in safe and efficient operations.
3. Supply equipment and services at a competitive price to exceed customer expectations and maximize return to our shareholders.
4. Develop training, experience and growth opportunities that will provide a future for our employees and shareholders.
5. Operate with a clear emphasis on sour gas production testing providing confidence to our customer in our capability, versatility and adaptability to satisfy customer needs.



BOWRIDGE RESOURCE GROUP INC. met and exceeded its revised prospectus forecast for the fiscal year ended April 30, 1995. Our prospectus forecast was adjusted upward November 1, 1994 with the acquisition of *Testmaster Production Services Ltd.*

Hard work and dedication by all of our employees resulted in *Revenues* of \$7.8 million which exceeded our adjusted prospectus forecast by \$1.2 million or 18 percent. Most importantly, *Earnings* of \$871,330 or \$0.10 per share basic exceeded our adjusted forecast by 24 percent (\$166,461) at year end.

Revenue
(\$million)



EARNINGS BEFORE INTEREST AND TAXES of \$1.8 million or \$0.21 per share basic are a true reflection of the earning power of **BOWRIDGE** and its assets. *Cash flow* at year end was \$1.4 million or \$0.17 per share basic and exceeded forecast by 17.6 percent.

These results reflect 50 weeks of *Central's* operations and 24 weeks of *Testmaster's* operations.

Financial Position

BOWRIDGE had working capital at year end of \$757,465 and available lines of credit of \$1.3 million. **BOWRIDGE** expended \$645,894 on capital additions during the year. Our working capital ratio was 1.6/1.0 and our total debt-to-equity ratio was 0.234. Subsequent to year end, on May 15, 1995 warrants and broker options were exercised, adding an additional \$708,950 to working capital. **THE COMPANY** is well positioned to follow management's business plan for acquisitions and development.

Earnings Before
Interest & Taxes
(\$million)



BOWRIDGE is fully taxable. *Our Net Earnings Before Interest and Taxes* at April 30, 1995 were \$1.8 million. We subsequently paid \$839,394 in income taxes for the year. Cash flow for the year on a fully taxed basis was \$1.4 million.

BOWRIDGE achieved these positive financial results despite the fact its revenues were lower in April because of an early spring break-up that started April 4, 1995. Expenses were higher in April due to additional repair and maintenance work.

Because *Testmaster* and *Central* had very little down-time during spring break-up in the previous two years we had significant costs for repairs and maintenance this spring.

The inspection, refurbishing and maintenance done on our equipment shows our *commitment to safety* and *quality of operations* for the benefit of our customers, personnel and shareholders.

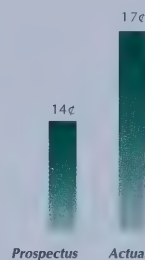
Debt of \$816,986 incurred during the year for the purpose of acquisitions was repaid with cash flow from operations by year end.

During the year ending April 30, 1995 BOWRIDGE raised \$1,803,135 net proceeds from the sale of its common shares. These funds were used to complete the acquisition of *Central* and *Testmaster*. At year end there were 9,130,000 BOWRIDGE common shares outstanding. After year end a further \$708,950 was raised from the sale of BOWRIDGE common shares. Currently, there are 11,177,000 common shares issued and outstanding.

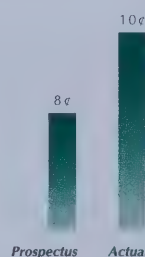
Graph Data

* Based on the weighted average shares outstanding of 8,650,520 as at April 30, 1995.

Cash flow Per Share
(basic)*



Earnings Per Share
(basic)*



	May 1994 to April 30, 1995 1995	August 1993 to April 30, 1994 1994 ²
Common Share Information		
Average Trading Price Per Share	34.32 cents	32.75 cents
Market Capitalization Average	9.130 million shares \$ 3,133,416	2.7 million shares \$ 211,087
Shares Traded	2,023,001 ¹	921,500
Values Traded	\$ 649,397 ¹	\$ 301,820

¹ Doesn't include public issue of 6 million shares with \$1.8 million proceeds. ² Trading began in August, 1993.

The trading price of public oil and gas service companies declined significantly over the past year while BOWRIDGE'S average share trading price improved.

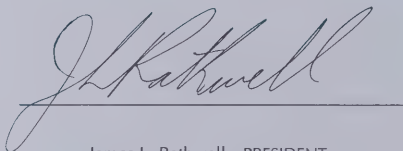


Management's Responsibility for Financial Reporting

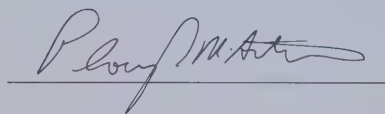
The consolidated financial statements of **BOWRIDGE RESOURCE GROUP INC.** were prepared by management in accordance with accounting principles generally accepted in Canada. The financial and operating information presented in this statutory report is consistent with that shown in the financial statements.

Management has designed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of financial statements for reporting purposes. Timely release of the financial information necessitates the use of estimates when transactions affecting the current accounting period cannot be finalized until future periods. Such estimates are based on careful judgments made by management.

External auditors appointed by the shareholders have conducted an independent examination of the corporate and accounting records in order to express their opinion on the financial statements. *The Audit Committee*, consisting of a majority of non-management directors, has met with the external auditors and management in order to determine if management has fulfilled its responsibilities in the preparation of the financial statements. *The Audit Committee* has reported its findings to the *Board of Directors* and the *Board* has approved the consolidated financial statements.



James L. Rathwell, PRESIDENT



P. Douglas McArthur, SECRETARY – TREASURER

Auditors' Report

To the shareholders of BOWRIDGE Resource Group Inc.

We have audited the consolidated balance sheet of **BOWRIDGE RESOURCE GROUP INC.** as at April 30, 1995 and the consolidated statements of operations and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of **THE COMPANY'S** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of **THE COMPANY** as at April 30, 1995 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

The financial statements as at April 30, 1994 and for the year then ended were reported on by other chartered accountants.

Deloitte Touche

CHARTERED ACCOUNTANTS

Calgary, Alberta

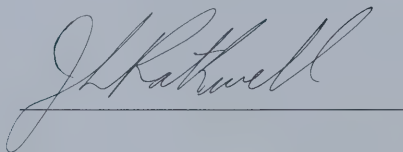
June 27, 1995



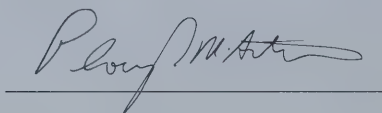
Consolidated Balance Sheets

AS AT APRIL 30TH	1995	1994
Assets		
Current Assets		
Cash and term deposits	\$ 443,963	\$ 158,823
Accounts receivable	1,553,820	4,838
Work in progress	21,413	-
Prepaid expenses	23,139	70,139
	2,042,335	233,800
Capital Assets (Note 3)		
(including equipment under capital lease)	3,983,914	-
Less accumulated amortization	(1,182,977)	-
	2,800,937	-
Total Assets	\$ 4,843,272	\$ 233,800
Liabilities		
Current Liabilities		
Accounts payable	\$ 493,363	\$ 24,383
Income taxes payable	653,074	-
Current portion of capital lease obligation	138,433	-
	1,284,870	24,383
Long-Term Debt		
Debenture payable	600,000	-
Capital lease obligation	74,520	-
	674,520	-
Total Liabilities	\$ 1,959,390	\$ 24,383
Shareholders' Equity		
Share Capital	\$ 2,014,222	\$ 211,087
Retained Earnings (Deficit)	869,660	(1,670)
Total Shareholders' Equity	2,883,882	209,417
Total Liabilities & Shareholders' Equity	\$ 4,843,272	\$ 233,800

Approved by the Board



James L. Rathwell, DIRECTOR



P. Douglas McArthur, DIRECTOR

Consolidated Statements of Operations and Retained Earnings

YEAR ENDED APRIL 30TH	1995	1994
Revenue		
Sales	\$ 7,761,328	\$ —
Interest & other income	16,242	4,825
Total Revenue	\$ 7,777,570	\$ 4,825
Operating, General & Administrative Expenses		
Costs & expenses, except as below	\$ 5,456,084	\$ 6,495
Amortization	494,262	—
Interest on long-term debt	81,283	—
Other interest	35,217	—
Total Expenses	\$ 6,066,846	\$ 6,495
Income (Loss) Before Income Taxes	\$ 1,710,724	\$ (1,670)
Provision For Income Taxes	839,394	—
Net Income (Loss)	871,330	(1,670)
Retained Earnings (Deficit) Beginning of Year	(1,670)	—
Retained Earnings (Deficit) End of Year	\$ 869,660	\$ (1,670)
Earnings Per Share		
Basic	\$ 0.10	\$ —
Fully diluted	\$ 0.07	\$ —



Consolidated Statements of Changes in Financial Position

YEAR ENDED APRIL 30TH	1995	1994
<hr/>		
Cash From (Used in) Operating Activities		
Net income (loss)	\$ 871,330	\$ (1,670)
Amortization	494,262	—
Deferred income taxes	13,280	—
Loss on sale of assets	21,339	—
	1,400,211	(1,670)
Net (increase)/decrease in non-cash working capital items	44,207	(50,594)
Cash Provided by Operations	\$ 1,444,418	\$ (52,264)
<hr/>		
Financing Activities		
Net proceeds from share issue	\$ 1,653,135	\$ 211,087
Net decrease in long-term debt	(140,860)	—
Net increase in capital lease liability	86,392	—
Proceeds on sale of capital assets	63,454	—
Cash Provided by Financing Activities	\$ 1,662,121	\$ 211,087
<hr/>		
Investing Activities		
Purchase price – Central	\$ (2,275,505)	\$ —
Less: debenture to vendors	600,000	—
Purchase price – Testmaster	(650,000)	—
Less: shared issues to vendors	150,000	—
	(2,175,505)	—
Cash disbursed	(645,894)	—
Purchase of capital assets	—	—
Cash Used in Investing Activities	(2,821,399)	—
Net Increase During the Year	285,140	158,823
Cash Beginning of Period	158,823	—
Cash End of Period	\$ 443,963	\$ 158,823

Notes to the Consolidated Financial Statements

APRIL 30TH, 1995

1. Accounting Policies:

BOWRIDGE RESOURCE GROUP INC. ("THE COMPANY" or "BOWRIDGE") was incorporated under the *Business Corporations Act* (Alberta) on March 9, 1993 and was inactive until it completed the acquisitions outlined in Note 2. The Consolidated Financial Statements include the accounts of THE COMPANY and its wholly-owned subsidiaries, *Central Alberta Production Testing Ltd.* ("Central") and *Testmaster Production Services Ltd.* ("Testmaster") from their respective dates of acquisitions (see Note 2).

REVENUE RECOGNITION AND WORK-IN-PROGRESS:

Revenue from production testing is recognized based on the percentage of completion of the contract measured in terms of labour and equipment cost incurred.

CAPITAL ASSETS:

Equipment and buildings are recorded at cost. Amortization is calculated on the declining balance method based on the approximate useful lives of the assets as follows:

Equipment Under Capital Lease	20%
Field Equipment	20%
Vehicles	30%
Office Equipment	20%
Buildings	5%

In the years of acquisition and disposition one-half the normal rate of amortization is provided for. Leases that are in substance the acquisition of an asset and the assumption of an obligation are treated as capital assets and long-term debt. Amortization of capital leases is provided on the same basis as other assets.

2. Business Acquisitions:

DURING THE YEAR, THE COMPANY PURCHASED THE FOLLOWING BUSINESSES:

THE COMPANY acquired all of the outstanding shares of *Central Alberta Production Testing Ltd.* effective May 17, 1994. The purchase constituted completion of THE COMPANY'S major transaction pursuant to the rules of the *Alberta Stock Exchange*. The purchase price of \$2,196,000, consisted of \$1,596,000 in cash and a \$600,000 debenture, payable to the vending shareholders within three years of the closing date and bearing interest at prime plus 1%. THE COMPANY also incurred acquisition costs of \$79,505. The total cost has been allocated as follows:



2. Business Acquisitions: (continued)

Working Capital	\$	444,955
Capital Assets		1,884,000
Equipment Under Capital Lease		207,133
Long-Term Liabilities		(226,113)
Deferred Income Taxes		(34,470)
	\$	2,275,505

THE COMPANY also acquired all of the outstanding shares of *Testmaster Production Services Ltd.* effective November 1, 1994. The purchase price of \$650,000 consisted of \$500,000 in cash and \$150,000 in shares issued to the vendor upon closing. THE COMPANY also incurred acquisition costs of \$4,729. The purchase price has been allocated as follows:

Working Capital	\$	385,251
Deferred Income Taxes		27,931
Capital Assets		689,857
Long-Term Liabilities		(453,039)
	\$	650,000

3. Capital Assets:

	Cost	Accumulated Amortization	Net Book Value
Field Equipment	\$ 2,562,486	\$ 606,263	\$ 1,956,223
Equipment Under Capital Lease	290,000	56,003	233,997
Office Equipment	261,153	125,662	135,491
Vehicles	478,290	324,171	154,119
Buildings	191,985	70,878	121,107
Land	200,000	—	200,000
	\$ 3,983,914	\$ 1,182,977	\$ 2,800,937

4. Long-Term Debt:

At April 30, 1995, THE COMPANY had unused lines of credit of \$1,315,000, which are secured by accounts receivable and a general assignment of book debts. Long-term debt consisted of:

4. Long-Term Debt: (continued)

Debenture	\$	600,000
Capital Lease Payable		212,953
		812,953
Less: Current Portion		(138,433)
	\$	674,520

The debenture is payable to the vendors of *Central Alberta Production Testing Ltd.* and is convertible at any time into 923,076 common shares of BOWRIDGE. The debenture is secured by a first charge on certain equipment and a second fixed charge against land and buildings. The principal is due March 1, 1997 – however THE COMPANY has the option to prepay the entire amount on 60 days prior written notice. Interest at prime plus one percent is payable annually on March 1 of each year.

The capital leases payable vary in terms from 24 to 36 months with implicit interest rates of 8.46% to 13.7%. Capital lease amounts are payable as follows:

1996	\$	149,638
1997		62,263
1998		1,555

5. Share Capital:

AUTHORIZED

An unlimited number of common shares and preferred shares issuable in series.

COMMON SHARES ISSUED

	1995		1994	
	Shares	\$	Shares	\$
Balance, Beginning of Year	2,700,000	\$ 211,087	1,400,000	\$ 67,000
Issued For Options Exercised	130,000	18,500	–	–
Issued For Cash, Net of Costs of Issue	6,000,000	1,634,635	1,300,000	144,087
Issued For Acquisitions	300,000	150,000	–	–
Balance, End of the Year	9,130,000	\$ 2,014,222	2,700,000	\$ 211,087

Earnings imputed for purposes of calculating fully diluted earnings per share were computed using an after-tax return of 10%. In total, earnings imputed for purposes of fully diluted earnings per share were \$242,432.



5. Share Capital: (continued)

Pursuant to a Management, Directors and Employee Stock Option Plan, options outstanding as at April 30, 1995 are as follows:

	Amount	Exercise Price	Expiry Date
Directors & Officers	270,000	\$0.15	May 6/98
Employees & Management	346,000	\$0.30	August 25/99

6. Income Taxes:

The income tax provision differs from the calculated tax obtained by applying the combined Federal and Provincial tax rate of approximately 44% to the earnings before income taxes. These differences are accounted for as follows:

Expected Income Tax Expense	\$	764,455
Amortization of Capital Assets With No Tax Basis		76,312
Other		(1,275)
Provision For Income Taxes	\$	839,394

7. Commitments:

As at April 30, 1995, THE COMPANY had commitments under various operating lease agreements in respect of equipment and premises aggregating to \$187,300 and payable as follows, 1996 – \$69,900, 1997 – \$48,300, 1998 – \$41,100, 1999 – \$24,000, and 2000 – \$4,000.

8. Subsequent Events:

On May 1, 1995, THE COMPANY completed the amalgamation of its two wholly-owned subsidiaries, *Central Alberta Production Testing Ltd.* and *Testmaster Production Services Ltd.* The combined company will now operate under the name *Central Production Testing Ltd.* The amalgamation has no effect on the consolidated financial statements as the subsidiaries were consolidated at year end.

On May 15, 1995, BOWRIDGE issued 2,047,000 shares for proceeds of \$708,950 pursuant to the exercise of warrants and broker options. The proceeds were added to working capital. All other warrants expired effective May 15, 1995.

Comparison Statement of Operations

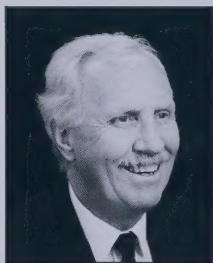
Actual Versus Prospectus Forecast

	Actual	Adjusted* Prospectus Forecast
YEAR ENDED APRIL 30TH	1995	1994
Revenue	\$ 7,777,570	\$ 6,595,262
Operating, General & Administrative Expenses		
Costs & expenses, except as below	\$ 5,456,084	\$ 4,517,551
Amortization	494,262	523,457
Interest on long-term debt	81,283	64,825
Other interest	35,217	13,799
Total Expenses	\$ 6,066,846	\$ 5,119,632
Income (Loss) Before Income Taxes	\$ 1,710,724	\$ 1,475,630
Provision For Income Taxes	839,394	770,761
Net Income (Loss)	\$ 871,330	\$ 704,869
Earnings Per Share		
Basic	\$ 0.10	\$ 0.08
Fully diluted	\$ 0.07	\$ 0.06
Cash flow Per Share		
Basic	\$ 0.17	\$ 0.14
Fully diluted	\$ 0.11	\$ 0.09

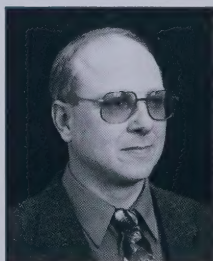
* The prospectus forecast was adjusted November 1, 1994 for the acquisition of Testmaster Production Services Ltd.



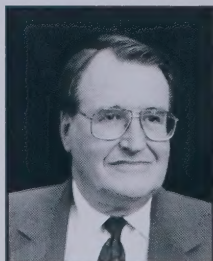
BOWRIDGE Board of Directors



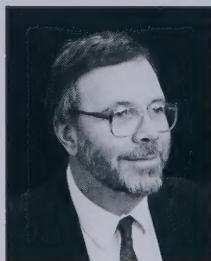
B. Vaughan Armstrong



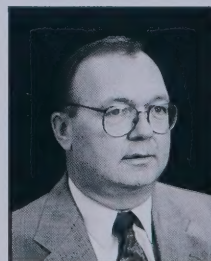
Thomas L. Arnett



Richard A.N. Bonnycastle



P. Douglas McArthur



James L. Rathwell

Mission Statement:

BOWRIDGE RESOURCE GROUP INC. is a financially strong oilfield services and equipment company focused on niche opportunities that represent and encourage the development of practical, cost efficient and new technologies for oil and gas recovery. **BOWRIDGE** also provides equipment and services for environmental protection and control to oil and gas well operators.

Corporate Information

Officers and Directors

B. Vaughan Armstrong *†
DIRECTOR
Calgary, Alberta

Thomas L. Arnett †
DIRECTOR
Calgary, Alberta

Richard A.N. Bonnycastle *
DIRECTOR
Calgary, Alberta

P. Douglas McArthur, Q.C. †
SECRETARY-TREASURER AND
DIRECTOR
Calgary, Alberta

James L. Rathwell *
PRESIDENT, C.E.O. AND DIRECTOR
Calgary, Alberta

* Member Audit Committee

† Member Compensation Committee

Auditors

Deloitte & Touche
Calgary, Alberta

Bankers

Hongkong Bank of Canada
Calgary, Alberta

Legal Counsel

McManus Miles Davison
Calgary, Alberta

Registrar and Transfer Agent

Montreal Trust Company of Canada
Calgary, Alberta

Stock Exchange Listings

Common Shares
Alberta Stock Exchange
Symbol BOW

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